

XS Cosmetics Limited

**Directors' report and financial
statements
for the year ended 31 March 2009**

Registered number 04384141

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Directors' report

The directors present their report and financial statements of XS Cosmetics Limited for the year ended 31 March 2009.

Principal activities and business review

The company's principal activity was that of selling cosmetics and related products. On 30 August 2003, the assets and goodwill of the company's business were sold and the company ceased trading.

The company has met the requirements in the Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review on the grounds of its size.

Results and dividends

The results for the year are set out in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (2008: £nil).

Directors

The directors who held office during the year were as follows:

A Lee (resigned 1 October 2008)
J Jackson (resigned 6 April 2008)
P Foyn (appointed 1 October 2008, resigned 15 January 2009)
A Hindle (appointed 1 October 2008, resigned 28 October 2009)
Kirsten Rodie (appointed 28 October 2009)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



B Gerrard
Company Secretary

The School House
50 Brook Green, London
W6 7RR

22/12 2009

Statement of directors' responsibilities in respect of the Director's Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The company financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

Independent auditors' report to the members of XS Cosmetics Limited

We have audited the financial statements of XS Cosmetics Limited for the year ended 31 March 2009, which comprise the Profit and Loss Account and the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of XS Cosmetics Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of the company's result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

24 December 2009

Profit and loss account

for the year ended 31 March 2009

	<i>Note</i>	2009 £	2008 £
Other operating income		-	182
Operating profit and profit on ordinary activities before taxation	2	-	182
Tax on profit on ordinary activities	5	-	(55)
Profit for the financial year	8	-	127

There are no recognised gains or losses other than the result for the year stated above, all of which derives from discontinued operations, consequently a statement of total recognised gains and losses has not been presented.

The notes on pages 7 to 10 form part of these financial statements.

Balance sheet

at 31 March 2009

	Note	£	2009 £	£	2008 £
Current assets					
Cash at bank and in hand		13,092		13,092	
		<u>13,092</u>		<u>13,092</u>	
Creditors: amounts falling due within one year	6	(263,283)		(263,283)	
Net current liabilities and total liabilities			<u>(250,191)</u>		<u>(250,191)</u>
Capital and reserves					
Called up share capital	7		1		1
Profit and loss account	8		(250,192)		(250,192)
Shareholders' deficit	9		<u>(250,191)</u>		<u>(250,191)</u>

The notes on pages 7 to 10 form part of these financial statements.

These financial statements were approved by the board of directors on behalf by:

22/12 2009 and were signed on its

Kirsten Jane Rodie

K Rodie
Director

Notes (forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements have been prepared on a going concern basis in view of the fact that the ultimate parent undertaking Virgin Group Holdings Limited has formally indicated that it is its intention to provide sufficient funding to the company, to enable it to meet its liabilities as they fall due, for at least the next twelve months.

The directors have no reason to believe that the parent company will not be in a position to provide the support referred to above and, accordingly, they have prepared the financial statements on the going concern basis.

As the company is a wholly owned subsidiary of Barfair Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Barfair Limited, within which this company is included, can be obtained from the Registrar of Companies (address given in note 12).

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Profit on ordinary activities before taxation

Auditors' remuneration is borne by the parent company for the years ended 31 March 2008 and 2009.

3 Remuneration of directors

The emoluments paid directly to the directors of the company were £nil (2008: £nil). The total emoluments paid to the directors of XS Cosmetics Limited by Network Distributing Limited are disclosed in that company's accounts.

4 Staff numbers and costs

No one was employed by the company (excluding directors) during the year (2008: nil).

Notes (continued)

5 Taxation

The current tax charge for the year is in line with (2008: *in line with*) the standard rate of corporation tax of 28% (2008: 30%). The differences are shown below:

	Year ended 31 March 2009 £	Year ended 31 March 2008 £
<i>Analysis of tax charge</i>		
<i>UK corporation tax</i>		
Current tax charge on profit for the year	-	55
	<hr/>	<hr/>
Total current tax charge	-	55
	<hr/> <hr/>	<hr/> <hr/>
	Year ended 31 March 2009 £	Year ended 31 March 2008 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	-	182
	<hr/>	<hr/>
Current tax at 28% (2008: 30%)	-	55
	<hr/>	<hr/>
Total current tax charge	-	55
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future tax charges

As at 31 March 2009 XS Cosmetics Limited had no tax losses available to carry forward (2008: £nil).

Notes (continued)

6 Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to group undertakings	190,000	190,000
Amounts owed to parent	71,235	71,235
Corporation tax	2,048	2,048
	<u>263,283</u>	<u>263,283</u>

7 Called up share capital

	2009 £	2008 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

8 Profit and loss account

	2009 £	2008 £
Balance at beginning of year	(250,192)	(250,319)
Result for the financial year	-	127
	<u>(250,192)</u>	<u>(250,192)</u>
Balance at end of year	<u>(250,192)</u>	<u>(250,192)</u>

9 Reconciliation of movement in shareholders' deficit

	2009 £	2008 £
Balance at beginning of year	(250,191)	(250,318)
Result for the financial year	-	127
	<u>(250,191)</u>	<u>(250,191)</u>
Balance at end of year	<u>(250,191)</u>	<u>(250,191)</u>

Notes (continued)

10 Contingent liabilities

The company is party to the Network Distributing Group sterling and currency overdraft facility of up to £6,000,000 gross, £3,000,000 net, repayable on demand but subject to periodic review on the usual banking terms and to any intervening governmental restrictions or measures.

The company has given a guarantee to the bank for the indebtedness of its parent undertaking Network Distributing Limited and its fellow subsidiary undertakings. The liability of these companies was £3,252,785 at 31 March 2009 (2008: £2,735,325).

11 Related party transactions

At 31 March 2009, the company's ultimate parent undertaking was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands, whose principal shareholders are certain trusts, none of which individually has a controlling interest in the company. The principal beneficiaries of those trusts are Sir RCN Branson and/or his immediate family. The shareholders of Virgin Group Holdings Limited have interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under Financial Reporting Standard No.8.

There were no related party transactions during the year that require disclosure (2008: none).

12 Parent undertaking of larger group of which the company is a member

The immediate parent company of XS Cosmetics Limited is Network Distributing Limited, a company incorporated in Great Britain and registered in England and Wales. The largest group in which the results of the company are consolidated is that headed by Barfair Limited, a company incorporated in England and Wales. The smallest group in which the results of the company are consolidated is that headed by Network Distributing Limited. The consolidated accounts of the above companies are available from Companies House, Crown Way, Cardiff, CF14 3UZ.